

# ADANI ENERGY SOLUTIONS LIMITED

(formerly known as Adani Transmission Limited)

## BIODIVERSITY POLICY

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Adani Energy Solutions Limited (AESL) recognises that its activities in power generation, transmission, and distribution are closely connected, depend on and can impact the environment and biodiversity. We are committed to integrating biodiversity conservation within business decision making and making this policy part of our Integrated Management Systems (IMS) implemented.

### Purpose:

The company is committed to managing its impact on natural habitats and species diversity as part of its sustainability efforts. This approach is viewed not only as a regulatory requirement but also as an important element of business strategy, with the understanding that environmental health can affect both ecosystems and long-term business prospects.

### Objective:

Driven by the Precautionary Principle, by taking proactive measures to safeguard biodiversity, even in the face of uncertainty AESL aims to:

- ✚ be leader in Energy Solutions space, setting new benchmarks on responsible and sustainable practices.
- ✚ to prioritize and actively engage in biodiversity conservation measures in alignment with the Indian Business and Biodiversity Initiative (IBBI) 2.0 and in compliance with other national and international standards and frameworks.
- ✚ systematically integrate biodiversity considerations into our IMS processes, ensuring that biodiversity impacts are assessed and addressed in all aspects of our operations.

### Policy statement:

#### 1 Commitment to Biodiversity Conservation:

AESL is dedicated to working towards the conservation of Rare, Endangered / Endemic & Threatened species in high priority Biodiversity conservation areas. AESL recognize the intrinsic value of biodiversity and its critical role in maintaining ecological balance and providing ecosystem services.

#### 2 Compliance with Legal and Regulatory Frameworks:

AESL commit to full compliance and exceed where possible, with all relevant local, national, and international laws, regulations, and agreements including adherence to the Convention on Biological Diversity (CBD) and other applicable biodiversity-related conventions, in addition to the requirements of ISO 14001:2015, ISO 50001:2018, ISO 9001:2015, and ISO 45001:2018.

#### 3 Integration of Biodiversity Considerations:

AESL will integrate biodiversity considerations into our day-to-day decision-

making processes across all levels of the organization, ensuring that biodiversity impacts by assessing and transparently disclosing impacts, dependencies, risks and opportunities on biodiversity along operations, supply and value chains, setting goals and targets on priority issues;

#### **4 Biodiversity Impact Assessment:**

AESL will conduct thorough biodiversity impact assessments for all new projects and significant operational activities, including in plans for decommissioning, closure, and rehabilitation to identify potential risks and opportunities for biodiversity conservation, aligning with the risk assessment procedures outlined in ISO 14001:2015, GRI standard, TNFD and or any other global framework.

#### **5 Stakeholder Engagement:**

AESL will actively engage with relevant stakeholders, including local communities, governmental and non-governmental organizations, and biodiversity experts, as partners in the conservation, restoration and sustainable use of resources, fostering new innovative and systemic approaches and synergies while respecting the rights of indigenous peoples and local communities

AESL will seek input, share knowledge, collaborate, and support the conservation of threatened, rare, and endemic species, as well as critical conservation areas. Together, AESL strive towards a future where our operations contribute positively to the restoration and enhancement of biodiversity, boosting related environmental and social positive impacts.

AESL will advocate for policies and regulations that promote biodiversity conservation and sustainable land management practices. Through constructive dialogue, AESL aim to contribute to the development of a regulatory framework that supports long-term environmental sustainability.

#### **6 Sustainable Sourcing and Supply Chain Management:**

AESL will work towards ensuring that our supply chain partners and vendors adhere to biodiversity-friendly practices and promote sustainable sourcing of natural resources.

AESL prohibit any business with suppliers in sites containing globally or nationally important biodiversity.

#### **7 Habitat Restoration and Conservation Initiatives:**

- ☐ AESL will set biodiversity targets for priority areas, identified through risk assessments of dependencies and impacts across its value chain.
- ☐ Progress towards local and global biodiversity goals will be measured and reported transparently and in line with international standards, ensuring accountability for biodiversity and natural capital management.

## No Deforestation

AESL strive to carry out projects in an environmentally friendly manner, making a conscious effort to steer clear of Eco sensitive and forested areas. Applying the mitigation hierarchy principle in all project phases, avoiding and reducing impacts on high biodiversity areas and ecosystem functions and services, reducing deforestation and habitat transformation; where avoidance is not possible, AESL strive to minimize adverse impacts, implement rehabilitation and restoration measures and finally, compensating for residual impacts;

Implementing, in the case of biodiversity significant residual impacts for new development projects, compensatory works according to the commitment of "No Net Loss" of biodiversity and "No Net Deforestation", and where applicable to have a Net Positive Gain. i.e. If a project encounters forest land, AESL follows established procedures for Forest Diversion to secure the necessary Right of Way (RoW) for execution. Any residual environmental impact is addressed through Compensatory Afforestation in accordance with regulatory guidelines.

AESL will make use of and support implementation [the mitigation hierarchy](#) (avoidance, minimization, restoration and rehabilitation, and offsets), especially the avoidance phase at the initial stages of offset design.

AESL will undertake active measures for habitat restoration and conservation, including the establishment of protected areas, reforestation, and the creation of biodiversity corridors where applicable, consistent with the environmental management framework of ISO 14001:2015.

### **8 Capacity Building and Employee Training:**

- ☐ AESL empowers employees, contractors, and partners to act as biodiversity stewards by providing ongoing training in environmental responsibility and biodiversity conservation principles, ensuring everyone understands the company's impacts and dependencies on Natural capital along with their roles and responsibilities in achieving our objectives under this policy.
- ☐ AESL will also prioritize the integration of biodiversity compliance into training and capacity-building initiatives across the organization, fostering a culture of accountability and continuous improvement in biodiversity stewardship.
- ☐ AESL will promote a culture of environmental stewardship across its value chain and actively implement practices that preserve natural habitats and species diversity.
- ☐ If any part of this policy is unclear, clarification should be sought from the Environment Team.

### **9 Proactive Risk Assessment and Decision Making**

AESL will proactively assess Biodiversity related risks and opportunities using specific metrics methodologies and strategies, ensuring that business decisions are aligned with sustaining high environmental performance across all operations, including joint ventures and subsidiaries with clearcut defined roles, responsibilities, and authorities for environmental management.

### **10 Environmental Considerations in Capital Investments**

Environmental factors will be an important consideration in all capital investments, including but not limited to due diligence, mergers and acquisitions, and the selection of supply chain partners.

#### **11 Reporting and Transparency:**

AESL are committed to regular and transparent reporting on our biodiversity conservation efforts, including progress updates, success stories, and challenges faced. This information will be made available to all stakeholders, including the public. This policy is endorsed by the Board of Directors of AESL and will be communicated to all employees, stakeholders, and made publicly available on our website.

#### **12 Research and Innovation:**

AESL will actively support research and innovation initiatives focused on biodiversity conservation, both internally and by collaborating with research institutions and conservation organizations.

#### **13 Continuous Improvement:**

AESL commit to set biodiversity related targets, regular monitor and report our progress, continuously seek opportunities for continual improvement in our biodiversity performance with an aim not merely to achieve 'No Net Loss' of biodiversity, but to achieve 'Net Positive Gain' (NPG) of biodiversity, land, air, and or water management; affirming our global responsibility to protect our shared natural heritage and demonstrating transparency and accountability in preserving natural habitats and species diversity efforts.

#### **14 Compliance and Enforcement:**

The policy shall be implemented by respective CEOs of the business divisions.

Our Board of Directors, through Corporate Risk Committee of the Board, will monitor and review the implementation of this Policy, considering its suitability, adequacy and effectiveness so as to enhance, and adapt business strategies to reflect emerging best practices and always be mindful of its duty to protect and preserve the rich tapestry of life on Earth.

**By adhering to this Biodiversity Policy, AESL pledge to uphold its commitment to environmental stewardship and sustainable practices in all aspects of its value chain activities.**

## Stakeholder Engagement for Biodiversity Conservation

At AESL, we understand that biodiversity conservation is a collective endeavor that requires the active participation and collaboration of a diverse range of stakeholders. We are committed to fostering meaningful and transparent relationships with local communities, non-governmental organizations (NGOs), governmental bodies, academic institutions, and other relevant stakeholders.

### 1. Local Communities:

- 1.1. **Empowering and Involving:** We recognize the vital role local communities play in the preservation of biodiversity. Through open dialogue and inclusive decision-making processes, we actively seek to involve local communities in our biodiversity conservation initiatives. This includes consulting them in the early stages of project planning and design to understand their unique perspectives, concerns, and traditional knowledge related to local ecosystems.
- 1.2. **Capacity Building and Education:** We invest in programs aimed at enhancing the capacity of local communities to actively participate in biodiversity conservation efforts. This may include training in sustainable land management practices, wildlife monitoring, and other relevant skills. By providing these resources, we empower local communities to become stewards of their own natural heritage.
- 1.3. **Sharing Benefits:** We are committed to ensuring that biodiversity conservation initiatives bring tangible benefits to local communities. This may include opportunities for eco-tourism, sustainable livelihoods, and educational programs. By sharing the benefits of conservation, we aim to create a sense of ownership and pride among local communities.

### 2. Non-Governmental Organizations (NGOs):

- 2.1. **Collaboration and Partnerships:** We actively seek to collaborate with reputable NGOs that have a track record of successful biodiversity conservation efforts. Through strategic partnerships, we aim to leverage the expertise, resources, and networks of these organizations to enhance the impact of our initiatives.
- 2.2. **Joint Initiatives:** We support and participate in joint initiatives with NGOs that focus on specific biodiversity conservation goals. This may involve co-funding projects, provide technical expertise, or offering logistical support. By working together with NGOs, we amplify our collective ability to address complex conservation challenges.

### 3. Governmental Bodies and Regulatory Authorities:

- 3.1. **Compliance and Beyond:** We are committed to not only meeting but exceeding regulatory requirements related to biodiversity conservation. We actively engage with governmental bodies and regulatory authorities to ensure that our initiatives align with national and local conservation priorities.
- 3.2. **Policy Advocacy:** We advocate for policies and regulations that promote biodiversity conservation and sustainable land management practices. Through

constructive dialogue, we aim to contribute to the development of a regulatory framework that supports long-term environmental sustainability.

#### 4. Academic and Research Institutions:

4.1. **Knowledge Exchange:** We value the expertise and research capabilities of academic and research institutions. We actively seek opportunities for knowledge exchange, collaborative research projects, and joint studies that contribute to a deeper understanding of local ecosystems and conservation strategies.

4.2. **Innovation and Best Practices:** We support and promote research that leads to the development of innovative solutions for biodiversity conservation. By staying at the forefront of scientific advancements, we can implement cutting-edge practices that yield maximum benefits for biodiversity.

At AESL, we view stakeholder engagement as an ongoing and dynamic process.

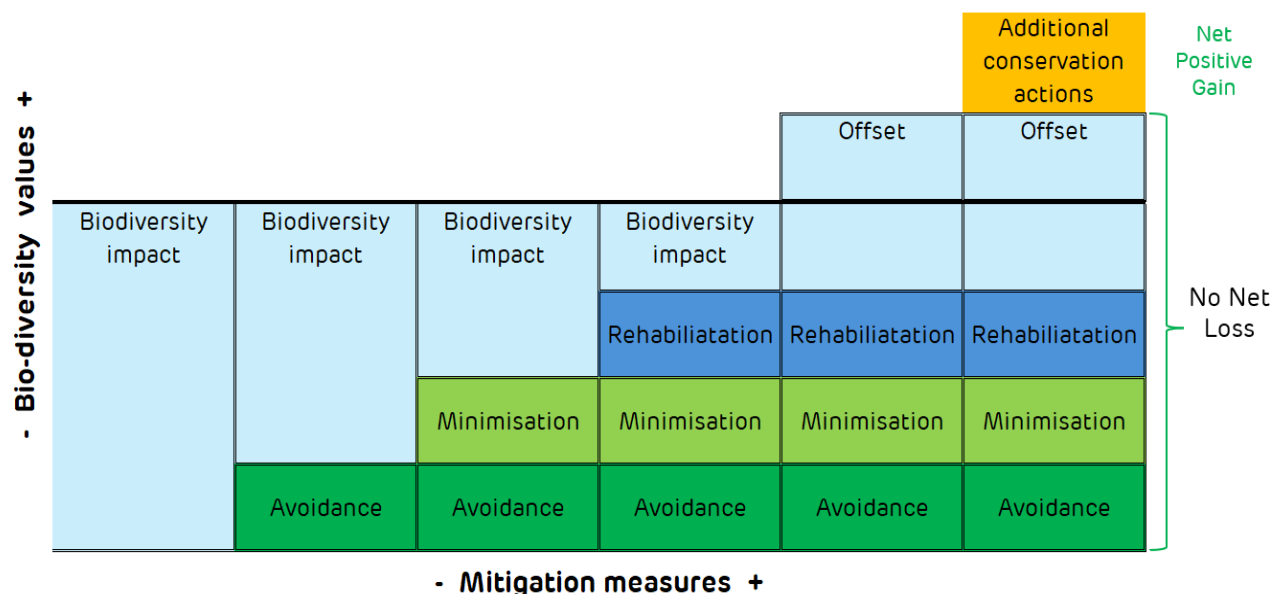
We are committed to maintaining open lines of communication, soliciting feedback, and adapting our strategies based on the insights and perspectives of our valued stakeholders. Together, we are dedicated to achieving meaningful and lasting biodiversity conservation outcomes.

## The Mitigation Hierarchy

The mitigation hierarchy is a framework that enables AESL to manage environmental impacts across different phases of a particular project cycle.

The mitigation hierarchy includes the following sequential actions:

1. **Avoidance:** measures taken to avoid creating impacts from the outset, such as careful spatial or temporal placement of infrastructure elements to prevent any impact on certain components of biodiversity.
2. **Minimization:** measures taken to reduce the duration, intensity and/or extent of impacts (including direct, indirect, and cumulative impacts, as appropriate) that cannot be completely avoided, as far as is practically feasible.
3. **Rehabilitation/restoration:** measures taken to rehabilitate degraded ecosystems or restore cleared ecosystems following exposure to impacts that cannot be completely avoided or minimized, to achieve no net loss or a net gain of biodiversity.
4. **Offset:** measures taken to compensate, in a like-for-like (or better) fashion, for any residual significant adverse impacts that cannot be avoided or minimized, to achieve no net loss or a net gain of biodiversity.



*The steps in the mitigation hierarchy are likely to overlap during the life of a project.*

For example, restoration and rehabilitation efforts might occur while offsetting activities are being implemented. In any case, rehabilitation/restoration and biodiversity offsets



shall only be considered as a last option after a company has implemented the other steps in the mitigation hierarchy. In addition, it is critical to be aware that rehabilitation/restoration and biodiversity offsets are not always possible.

Not all impacts on biodiversity can be compensated for and some biodiversity features, because of their high value either for biodiversity or for people (or both), are simply not offsetable.

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*The mitigation hierarchy is a valid framework for companies to adopt to achieve*

*No Net Loss (NNL) or Net Positive Gain (NPG) at the end of a project cycle.*

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**Supporting Conservation Actions (SCAs):** measures to recompense, make good or pay damages for loss of biodiversity caused by a project that can fall short of achieving no net loss or a net gain. For instance, this may occur if: conservation actions have been planned to achieve no net loss; losses and gains of biodiversity have been quantified; no mechanism is in place for long term implementation; it may be impossible to offset the impacts; or compensation payments are used for training, capacity building, research or other outcomes that will not result in measurable conservation outcomes on the ground.

Compensation actions that cannot be counted as offsets may be considered supporting conservation actions or additional conservation actions. They cannot be included in metrics to assess offsets or measure progress towards NNL or NPG, although they can still be beneficial for biodiversity.